

BLUE CROSS OF NORTHEAST OHIO

Financial and Statistical Statements

December, 1959

BOARDS

MIRb

9368-42

B625f

SAVINGS

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EXHIBIT A
Statement of Assets and Liabilities
August 31, 1961

| | |
|--------------------------|--------|
| Assets | |
| Current Assets | |
| Cash | 100.00 |
| Accounts Receivable | 100.00 |
| Inventory | 100.00 |
| Prepaid Expenses | 100.00 |
| Fixed Assets | |
| Land | 100.00 |
| Buildings | 100.00 |
| Equipment | 100.00 |
| Accumulated Depreciation | 100.00 |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | 100.00 |
| Notes Payable | 100.00 |
| Long-Term Liabilities | |
| Mortgage Payable | 100.00 |
| Capital | |
| Common Stock | 100.00 |
| Retained Earnings | 100.00 |

EXHIBIT A

ASSETS
December 31, 1959

CASH

| | |
|--------------------------------------|-----------------|
| Deposits in Commercial Accounts..... | \$ 5,748,025.94 |
| Savings Deposits at Interest..... | 489,827.53 |
| On Hand..... | <u>650.00</u> |

\$ 6,238,503.47

INVESTMENTS

| | |
|---|-----------------|
| United States Government Securities..... | 13,427,130.46 |
| Public Utility & Industrial Securities..... | 313,843.55 |
| F.H.A. Insured Mortgages..... | <u>1,082.96</u> |

13,742,056.97

ACCRUED INTEREST.....

137,534.14

ACCOUNTS RECEIVABLE

| | |
|--|------------------|
| Group Subscribers..... | 1,177,937.23 |
| Medical Mutual of Cleveland, Inc..... | 65,573.22 |
| Ohio Medical Indemnity, Inc..... | 14,730.46 |
| Advances for Other Service Plans..... | 41,808.59 |
| Inter-Plan Service Benefit Bank..... | 199,234.32 |
| Prepaid Premiums - Employees' Retirement Plan..... | <u>39,775.85</u> |

1,539,059.67

TOTAL ADMITTED ASSETS.....

\$21,657,154.25

MEMORANDUM ACCOUNT - NON-ADMITTED ASSET:

| | |
|-------------------------|------------------|
| Air Travel Deposit..... | \$ <u>425.00</u> |
|-------------------------|------------------|

EXHIBIT B

LIABILITIES AND RESERVES
December 31, 1959

UNEARNED INCOME (LEGAL RESERVE)..... \$ 5,053,439.64

DUE HOSPITALS FOR ACCRUED BILLINGS, INCOMPLETE,
UNDISCHARGED AND UNREPORTED CASES..... 6,968,639.10

DUE HOSPITALS FOR ADJUSTED PAYMENTS

Payments (or Refunds) required to adjust
tentative payments to audited rates:

First Half, 1959 (Final).....(A)\$1,521,895.98

Last Half, 1959 (Preliminary).....(A) 2,794,000.00

Total due Hospitals..... 4,315,895.98

ACCOUNTS PAYABLE, ACCRUED ACCOUNTS, AND OTHER LIABILITIES

General Accounts Payable..... 47,647.57

Unclaimed Checks..... 30,982.51

Medical Mutual of Cleveland, Inc..... 48,921.43

Ohio Medical Indemnity, Inc..... 32,960.24

U.S. Taxes Withheld from Employees..... 24,914.50

Deposited for Purchase of U.S. Savings Bonds. 535.95

Federal and State Social Security Taxes..... 8,749.53

Reserve for Employees' Retirement Plan..... 12,500.00

207,211.73

RESERVE FOR CONTINGENCIES..... 5,111,967.80

TOTAL LIABILITIES AND RESERVE..... \$21,657,154.25

Total Persons Protected..... 1,825,097

Contingencies Reserve Per Capita..... \$2.80

Contingencies Reserve in months of

Hospital and Administrative Expense..... .86

(A) Current Hospital Billings are paid at tentative rates, and Adjusted Payments (or Credits) as shown above at (A) are due at the close of each six-month period to adjust these tentative payments to hospital audited costs of service rendered to Subscribers.

EXHIBIT C

STATEMENT OF INCOME AND EXPENSE
DECEMBER, 1959

| | DECEMBER | FIRST QUARTER | SECOND QUARTER | JULY 1 - DECEMBER 31 | YEAR TO DATE |
|---|----------------|------------------|-------------------|-------------------------|-----------------|
| <u>INCOME</u> | | | | | |
| Earned Income from Subscribers..... | \$6,088,816.01 | \$14,781,127.94 | \$17,703,197.13 | \$36,375,689.04 | \$68,860,014.11 |
| <u>EXPENSE</u> | | | | | |
| Administrative Expense..... | 163,734.85 | 494,169.77 | 475,890.91 | 939,555.09 | 1,909,615.77 |
| | 5,925,081.16 | 14,286,958.17 | 17,227,306.22 | 35,436,133.95 | 66,950,398.34 |
| <u>HOSPITAL SERVICES</u> | | | | | |
| Estimated Incurred Claims for Hospital care at Tentative Rates..... | 5,667,000.00 | 15,145,538.84 | 15,145,538.84 | 31,846,600.00 | 62,137,677.68 |
| Adjustment to Estimated Audited Hospital Rates..... | 440,500.00 | 760,947.99 | 760,947.99 | 2,794,000.00 | 4,315,895.98 |
| Total Hospital Costs..... | 6,107,500.00 | 15,906,486.83 | 15,906,486.83 | 34,640,600.00 | 66,453,573.66 |
| Less: Refunds covering Compensation Claims, etc..... | 7,970.08 | 30,260.04 | 25,667.95 | 72,776.11 | 128,704.10 |
| | 6,099,529.92 | 15,876,226.79 | 15,880,818.88 | 34,567,823.89 | 66,324,869.56 |
| <u>TO CONTINGENCIES RESERVE-FROM SUBSCRIBER INCOME</u> | -174,448.76 | -1,589,268.62 | 1,346,487.34 | 868,310.06 | 625,528.78 |
| <u>OTHER INCOME AND ADJUSTMENTS</u> | | | | | |
| Income from Investments..... | 45,115.26 | 93,234.84 | 104,333.89 | 176,118.79 | 373,687.52 |
| Alteration Expense..... | 567.34 | 1,698.36 | 1,640.94 | 3,349.52 | 6,688.82 |
| | 45,682.60 | 94,933.20 | 105,974.83 | 179,468.31 | 380,376.34 |
| <u>TO CONTINGENCIES RESERVE</u> | -128,766.16 | -1,494,335.42 | 1,452,462.17 | 1,047,778.37 | 1,005,905.12 |
| <u>ADJUSTMENT TO CONTINGENCIES RESERVE DUE TO DETERMINATION OF ACTUAL HOSPITAL SERVICES INCURRED LAST SIX MONTHS 1958..</u> | -0- | -0- | -121,747.91 | -19,362.24 | -141,110.15 |
| <u>NET ADDITION TO CONTINGENCIES RESERVE...</u> | \$ -128,766.16 | \$ -1,494,335.42 | \$ 1,330,714.26 | \$ 1,028,416.13 | \$ 864,794.97 |

EXHIBIT D

ADMINISTRATIVE EXPENSE

December, 1959

| <u>EXPENSE</u> | <u>FOR THE MONTH</u> | | <u>CUMULATIVE</u> | |
|------------------------------------|----------------------|---------------------|-----------------------|-----------------------|
| | <u>1959</u> | <u>1958</u> | <u>1959</u> | <u>1958</u> |
| Salaries - General..... | \$122,519.69 | \$113,642.06 | \$1,354,563.97 | \$1,287,013.22 |
| Salaries - Branch Office..... | 5,358.44 | 4,946.78 | 60,522.19 | 56,000.02 |
| Travel..... | -109.60 | 1,058.16 | 11,079.60 | 11,276.30 |
| Automobile Expense..... | 2,605.92 | 2,096.08 | 29,040.43 | 27,182.57 |
| Rent and Light..... | 15,815.41 | 15,826.36 | 186,847.87 | 186,449.69 |
| Association Dues..... | 4,101.00 | 4,146.00 | 49,204.15 | 51,135.09 |
| Legal Expense..... | 1,777.45 | 25.00 | 14,211.69 | 6,350.71 |
| Furniture and Equipment..... | 3,244.10 | 4,115.50 | 40,009.45 | 48,192.35 |
| Equipment Rental..... | 9,634.23 | 8,653.74 | 116,690.39 | 102,264.69 |
| Printing, Stationery & Supplies.. | 20,155.95 | 29,438.95 | 240,899.58 | 182,368.95 |
| Books and Periodicals..... | 165.03 | 790.18 | 1,691.62 | 3,042.49 |
| Postage and Express..... | 5,396.90 | 10,837.76 | 91,601.66 | 76,769.77 |
| Telephone and Telegraph..... | 6,452.90 | 4,644.78 | 75,393.30 | 64,401.38 |
| Collection (Bank Charges)..... | 2,212.96 | 2,014.38 | 26,132.54 | 25,757.93 |
| Advertising..... | 12,714.95 | 2,852.41 | 109,393.10 | 93,870.69 |
| Insurance - General..... | 30.31 | -0- | 2,759.31 | 13,260.55 |
| Employee Welfare..... | 14,773.85 | 15,153.11 | 150,334.04 | 144,854.58 |
| Auditing & Actuarial Services... | 750.00 | 939.98 | 9,000.00 | 8,689.58 |
| Auditing - Hospitals..... | 9,298.15 | 8,237.25 | 94,230.23 | 90,280.29 |
| Mailing Services..... | 1,038.57 | 4,583.41 | 18,888.90 | 16,903.65 |
| Service Charges-Inter-Plan Bank. | 3,504.00 | 2,730.00 | 43,709.17 | 39,380.01 |
| Special Contract Expense..... | 14.10 | 343.29 | 1,631.32 | 1,987.46 |
| Miscellaneous..... | 5,025.96 | 11,652.43 | 73,799.02 | 69,765.64 |
| Citizens' Committee Study..... | -0- | 5,925.74 | 41,664.20 | 76,246.64 |
| | <u>\$246,480.27</u> | <u>\$254,653.35</u> | <u>\$2,843,297.73</u> | <u>\$2,683,444.25</u> |
| Less Service Charges: | | | | |
| Medical Mutual of Cleveland.... | 65,573.22 | 65,295.37 | 742,501.48 | 666,514.77 |
| Ohio Medical Indemnity, Inc.... | 14,163.12 | 15,886.71 | 163,443.16 | 165,886.77 |
| Inter-Plan Bank..... | 2,793.00 | 1,854.00 | 24,783.00 | 21,660.00 |
| Medicare Program..... | 216.08 | 255.50 | 2,954.32 | 2,137.14 |
| | <u>\$ 82,745.42</u> | <u>\$ 83,291.58</u> | <u>\$ 933,681.96</u> | <u>\$ 856,198.68</u> |
| | <u>\$163,734.85</u> | <u>\$171,361.77</u> | <u>\$1,909,615.77</u> | <u>\$1,827,245.57</u> |
| Percentage of Expense to Income | 2.69 | 3.72 | 2.77 | 3.36 |

ADMINISTRATIVE EXPENSE

| 1932 | | 1933 | | 1934 | | 1935 | | 1936 | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| EXPENSE | 1932 | EXPENSE | 1933 | EXPENSE | 1934 | EXPENSE | 1935 | EXPENSE | 1936 |
| Salaries - General Office | 10,000.00 | 10,500.00 | 11,000.00 | 11,500.00 | 12,000.00 | 12,500.00 | 13,000.00 | 13,500.00 | 14,000.00 |
| Salaries - District Offices | 5,000.00 | 5,200.00 | 5,400.00 | 5,600.00 | 5,800.00 | 6,000.00 | 6,200.00 | 6,400.00 | 6,600.00 |
| Travel | 1,000.00 | 1,100.00 | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 |
| Advertising - General | 2,000.00 | 2,100.00 | 2,200.00 | 2,300.00 | 2,400.00 | 2,500.00 | 2,600.00 | 2,700.00 | 2,800.00 |
| Printing and Stationery | 3,000.00 | 3,100.00 | 3,200.00 | 3,300.00 | 3,400.00 | 3,500.00 | 3,600.00 | 3,700.00 | 3,800.00 |
| Postage | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 | 1,900.00 | 2,000.00 | 2,100.00 | 2,200.00 | 2,300.00 |
| Telephone | 500.00 | 550.00 | 600.00 | 650.00 | 700.00 | 750.00 | 800.00 | 850.00 | 900.00 |
| Light and Heat | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 | 1,900.00 | 2,000.00 |
| Repairs and Maintenance | 800.00 | 850.00 | 900.00 | 950.00 | 1,000.00 | 1,050.00 | 1,100.00 | 1,150.00 | 1,200.00 |
| Insurance | 1,800.00 | 1,900.00 | 2,000.00 | 2,100.00 | 2,200.00 | 2,300.00 | 2,400.00 | 2,500.00 | 2,600.00 |
| Interest on Bonds | 1,000.00 | 1,050.00 | 1,100.00 | 1,150.00 | 1,200.00 | 1,250.00 | 1,300.00 | 1,350.00 | 1,400.00 |
| Interest on Loans | 1,500.00 | 1,550.00 | 1,600.00 | 1,650.00 | 1,700.00 | 1,750.00 | 1,800.00 | 1,850.00 | 1,900.00 |
| Depreciation | 2,500.00 | 2,600.00 | 2,700.00 | 2,800.00 | 2,900.00 | 3,000.00 | 3,100.00 | 3,200.00 | 3,300.00 |
| Amortization | 1,000.00 | 1,050.00 | 1,100.00 | 1,150.00 | 1,200.00 | 1,250.00 | 1,300.00 | 1,350.00 | 1,400.00 |
| Gifts | 500.00 | 550.00 | 600.00 | 650.00 | 700.00 | 750.00 | 800.00 | 850.00 | 900.00 |
| Entertainment | 1,000.00 | 1,100.00 | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 |
| Conferences | 800.00 | 850.00 | 900.00 | 950.00 | 1,000.00 | 1,050.00 | 1,100.00 | 1,150.00 | 1,200.00 |
| Publications | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 | 1,900.00 | 2,000.00 |
| Research | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 | 1,900.00 | 2,000.00 | 2,100.00 | 2,200.00 | 2,300.00 |
| Consulting | 1,000.00 | 1,100.00 | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 |
| Legal | 2,000.00 | 2,100.00 | 2,200.00 | 2,300.00 | 2,400.00 | 2,500.00 | 2,600.00 | 2,700.00 | 2,800.00 |
| Medical | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 | 1,900.00 | 2,000.00 | 2,100.00 | 2,200.00 | 2,300.00 |
| Food and Lodging | 1,000.00 | 1,100.00 | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 |
| Transportation | 800.00 | 850.00 | 900.00 | 950.00 | 1,000.00 | 1,050.00 | 1,100.00 | 1,150.00 | 1,200.00 |
| Communication | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 | 1,900.00 | 2,000.00 |
| Information | 1,000.00 | 1,100.00 | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 |
| Education | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 | 1,900.00 | 2,000.00 | 2,100.00 | 2,200.00 | 2,300.00 |
| Research and Development | 2,000.00 | 2,100.00 | 2,200.00 | 2,300.00 | 2,400.00 | 2,500.00 | 2,600.00 | 2,700.00 | 2,800.00 |
| Patents | 1,000.00 | 1,100.00 | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 |
| Copyrights | 500.00 | 550.00 | 600.00 | 650.00 | 700.00 | 750.00 | 800.00 | 850.00 | 900.00 |
| Trademarks | 500.00 | 550.00 | 600.00 | 650.00 | 700.00 | 750.00 | 800.00 | 850.00 | 900.00 |
| Other | 1,000.00 | 1,100.00 | 1,200.00 | 1,300.00 | 1,400.00 | 1,500.00 | 1,600.00 | 1,700.00 | 1,800.00 |
| Total | 100,000.00 | 105,000.00 | 110,000.00 | 115,000.00 | 120,000.00 | 125,000.00 | 130,000.00 | 135,000.00 | 140,000.00 |

Total Administrative Expenses for the Year